Manitoba

Annual Report 1991

Manitoba Civil Service Superannuation Board

92-06261/

ADDRESS

Civil Service Superannuation Board
#308 – 131 Provencher Boulevard
Winnipeg, Manitoba
R2H 0G2

Our phone number is: (204) 233-8722
FAX: (204) 945-8181
Manitoba Toll Free Number: 1-800-432-5134

Manitoba

Minister of
Labour

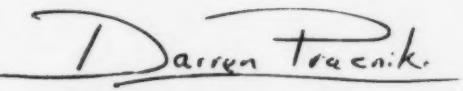
March 26, 1992

To The Honourable George Johnson, M.D.
Lieutenant Governor of Manitoba

May It Please Your Honour:

As Minister responsible, I have the privilege of presenting for the information of Your Honour the 53rd Annual Report of the Manitoba Civil Service Superannuation Board for the calendar year ended December 31, 1991.

Respectfully submitted,



Honourable Darren Praznik
Minister of Labour,
Minister Responsible for the Administration
of The Civil Service Superannuation Act

Manitoba

The Civil Service
Superannuation Board

March 26, 1992

Honourable Darren Praznik
Minister Responsible for the Administration
of The Civil Service Superannuation Act
Room 156 Legislative Building
Winnipeg, Manitoba
R3C 0V8

Sir:

In conformity with the provisions of The Civil Service Superannuation Act, I am pleased to forward to you, the Minister Responsible for the Administration of The Civil Service Superannuation Act, the 53rd Annual Report of the Manitoba Civil Service Superannuation Board.

This report covers the period January 1, 1991 to December 31, 1991 and includes a review of the Board's activities for that period as well as the Report of the Provincial Auditor and attached audited financial statements for that period.

Respectfully submitted,

R. E. Archer

R. E. Archer, Chairman
Civil Service Superannuation Board

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Introduction

This 53rd Annual Report reviews and highlights the administrative and investment activities of the Civil Service Superannuation Board for the calendar year 1991.

The Civil Service Superannuation Board was established under subsection 5(1) of The Civil Service Superannuation Act (Act) in May, 1939.

The Board is comprised of four elected representatives of employees participating in the Fund and four employer representatives plus a chairperson who are appointed by the Government. The Board is responsible for the administration of the provisions of the Act in providing benefits for employees of the Province of Manitoba and its related Boards, Commissions, and Agencies who participate in the plan.

As Trustees of the Civil Service Superannuation Fund, the Board also has fiduciary responsibilities for ensuring that investments are made on the direction of the Investment Committee which is a sub-committee of the Board comprised of a Board member nominated by the elected employee representatives, the Deputy Minister of Finance, and a chairperson who is also the chairperson of the Board.

The Board is responsible for administering the Act which involves collecting superannuation contributions deducted from employees by participating employers, investing and monitoring investments, paying refunds on termination, negotiating reciprocal agreements to provide portability of pensions, transferring funds on marriage break-up, paying pensions on retirement, counselling employees (including spouses), providing informational and pre-retirement seminars, providing annual benefit statements, preparing brochures outlining the benefits, newsletter articles, financial statements and an annual report.

The Board operates within the guidelines, regulations and legislation contained in The Pension Benefits Act of Manitoba, which is an Act legislated to provide conformity and regulation of all pension plans administered in the Province of Manitoba.

In October, 1968, the Board began to administer the group insurance plans for all participating employers. The Public Servants Insurance Act provides group life insurance, accidental death and disablement insurance and dependents insurance for participating employees. The Board collects insurance contributions on behalf of Canada Life (the insurance carrier), pays the necessary premiums, pre-audits all insurance claims, prepares explanatory literature, provides informational counselling and invests the experience refunds which are held in a trust insurance fund. The Insurance Fund proceeds are used to subsidize post-retirement declining insurance benefits, provide continuing insurance while disabled, to stabilize the premium rate and may pay an insurance claim dividend when claims experience is more favourable than expected.

Since January 1, 1977, the Board has provided administrative and support services to the Municipal Employees Benefits Board. The Municipal Employees Benefits Board provides pension and group insurance benefits for approximately 2,602 employees of 275 municipal and quasi-municipal employers throughout Manitoba.

Civil Service Superannuation Board

Chairman
Mr. R. E. Archer
Financial Executive

Employee Representatives

Mr. H. Janzen
Manitoba Telephone System
Manitoba Telephone Representative

Ms. M. Phillips
Department of Family Services
Civil Service Representative

Mr. V. L. Schentag
Manitoba Hydro
Manitoba Hydro and Small Boards Representative

Ms. S. Walker
Department of Finance
Civil Service Representative

Employer Representatives

Ms. C. A. Dutcheshen
Solicitor

Mr. W. R. Hooper
Retired

Ms. G. Leach
Chartered Accountant

Dr. P. Lommerse
Medical Doctor

General Manager
Mr. W. Worosz

Director, General Accounting and Pensions
Mr. V. McLeod

Director, Communications and Member Services
Mr. R. H. Covernton

Director, Investment Accounting and Computer Services
Mr. A. Borle

Chief Investment Officer
Mr. L. Fuller

Consulting Actuary
Mr. J. A. Turnbull, F.S.A., F.C.I.A.

Board Meetings

During the year the Board held 9 meetings and each of the Board committees held several meetings.

Highlights of 1991

	1991	1990
	(thousands of dollars)	
Book Value of Investments	$1,135,189	$1,033,513
Investment Income	$ 99,905	$ 93,799
Yield on Investments	9.6%	10.1%
Employee Contributions	$ 54,201	$ 54,735
Employer Payments	$ 45,870	$ 40,582
Pension Payments, etc.	$ 84,123	$ 75,860
Refunds and Transfers	$ 9,823	$ 7,560
General Expenses — Net	$ 789	$ 1,193
Participants in Fund	31,970	31,912
Pensioners and Other Recipients	8,566	7,871

Pension Benefits

During the year covered by this report, pensions and instalment refunds paid totalled $84,123,000, a net increase of $8,263,000 (10.9%) over 1990. There were 8,566 persons receiving pensions or contributions and interest in monthly instalments at December 31, 1991 as compared to 7,871 persons one year earlier. At December 31, 1991 there were:

1. 7,254 pensioners, 810 new retirements and 231 deaths for a net increase of 579 for the year;
2. 798 deceased pensioners' beneficiaries receiving pensions;
3. 502 spouses receiving the automatic pension payable to the spouse of an eligible employee who dies in service;
4. 12 retired employees' spouses receiving pensions because of marriage break-up.

Total pensioners include 79 disabled persons receiving disability pensions plus Long Term Disability (LTD) benefits from the employer. The superannuation disability pension is offset against the LTD benefit.

The 810 retirements in 1991 were the highest number of retirements in any year since the inception of the Fund.

Of the 583 new male pensioners, 98 retired at age 65 or later, 461 retired before age 65 and 24, who were under age 60, were granted disability retirement. The pension for disability retirement is the same as for early retirement for employees over age 60. The disabled employee who is over age 60 therefore applies for early retirement.

Of the 227 new female pensioners, 43 retired at age 65 or later, 166 retired before age 65, and 18 who were under age 60 were granted disability retirement.

New 1991 pensioners include 41 former employees with vested benefits who commenced receiving their pensions during the year.

Integration with the Old Age Security Pension was selected by 357 male pensioners (74%) and 127 female pensioners (69%) who retired before age 65.

Integration with the Canada Pension was selected by 147 male pensioners (51%) and 47 female pensioners (42%) who retired before age 60.

Employees retiring during 1991 elected the following pension options:

	Males	Females	Total
Pension reducing to one-half at pensioner's death	47	15	62
Pension reducing to two-thirds at pensioner's death	417	45	462
Ten and Fifteen Year guaranteed pensions	26	17	43
Lifetime Pension*	88	150	238
Other	5	–	5
Total	**583**	**227**	**810**

*Note: The majority of the retiring employees who elected the lifetime pension were either single or had small pensions due to short service.

The Pension Benefits Act requires employees who have a spouse at the time of retirement to select a joint form of pension that at the death of the pensioner provides two-thirds of the pension to the spouse for life. This compulsory pension option may be waived if the employee's spouse completes a spousal waiver form.

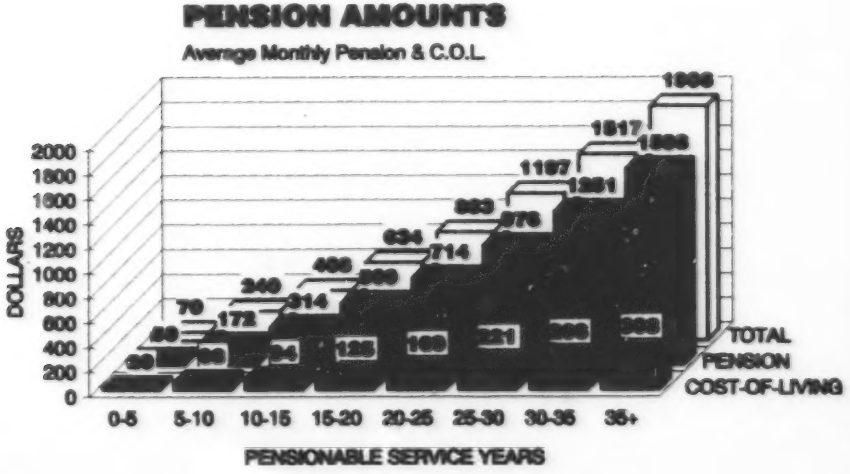
Cost-of-Living Adjustment in Pensions

Effective July 1, 1991 a cost-of-living adjustment was paid to eligible pensioners and to beneficiaries receiving pensions in respect of deceased pensioners who retired before July 1, 1990. The adjustment was limited to the extent that the amount in the separate Superannuation Indexing Adjustment Account (S.I.A.A.) was actuarially able to finance one-half of each increase. Legislation limits the maximum annual adjustment to two-thirds of the increase in the Consumer Price Index (C.P.I.) (Canada) until the S.I.A.A. can prefund anticipated adjustments for the next 20 years. The C.P.I. increased by 5.00% during 1990 compared to 5.13% during 1989.

The S.I.A.A. receives 10.2% of the total annual employee contributions to the Fund and is also credited with interest during the year. This Account funds 50% of the annual cost-of-living adjustment and non-matching employers are billed for 50% of the monthly payments. (See Exhibit B of the audited Financial Statements.)

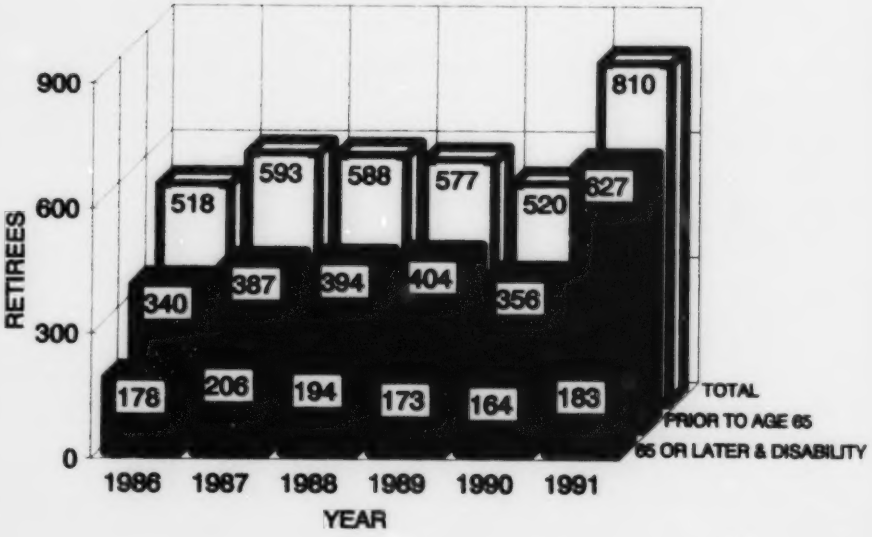
The cost-of-living increase is related to service as well as the amount of pension received. The July 1, 1991 increase was equal to 56¢ (1990 - 55¢) a month for each year of pensionable service to a maximum of 35 years plus 1.67% (1990 - 1.71%) of the ordinary lifetime pension plus accumulated cost-of-living increases to date.

The Actuarial Valuation of the S.I.A.A. as at December 31, 1990 reported that $17,962,706 (1989 - $14,084,228) was available to fund future cost-of-living increases for recipients of pensions. The actuarially calculated present value of the July 1, 1991 adjustment was $9,611,200 (1990 - $7,572,600).



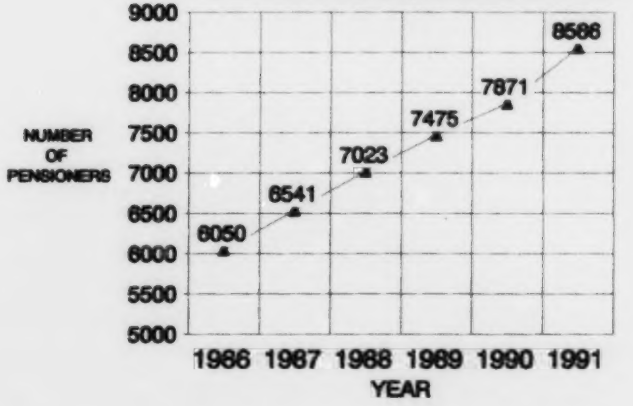
Six-Year Comparison

RETIREMENTS



Six-Year Comparison

PENSIONERS/RECIPIENTS



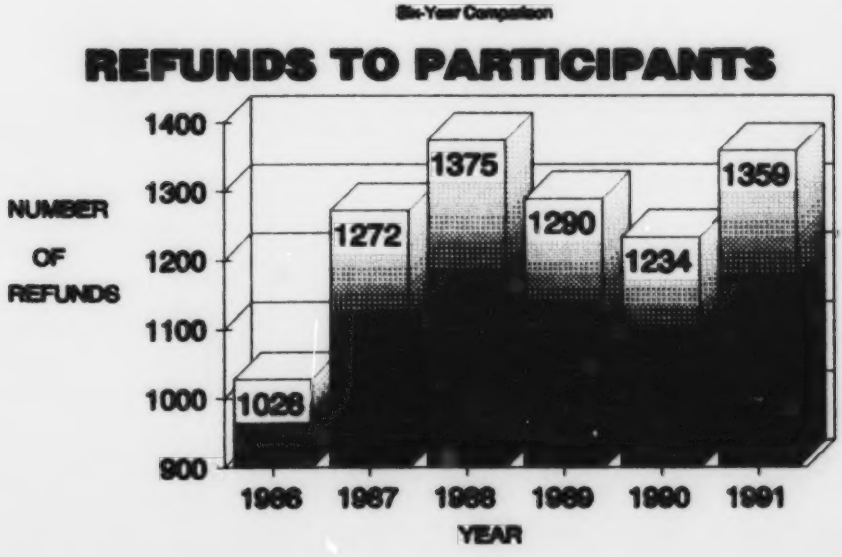
Refunds

Refunds were processed for 1,341 employees who ceased employment and 18 employees who died during 1991.

The chart below indicates the comparison of the number of refunds and amounts refunded or transferred (excluding reciprocal agreement transfers) during 1991 and 1990.

	1991	1990
Refunds on Termination*	1,341	1,221
Death Refunds	18	13
Marriage Break-Up Transfers	210	108
	1,569	1,342
Amounts Refunded or Transferred	**(000's)**	
1. Contributions & Interest	$1,787	$2,373
2. Commuted Value Transfers — Terminations and Marriage Break-ups	5,269	2,684
3. Excess Employee Contributions	2,767	2,503
Total	$9,823	$7,560

*Note: This figure includes 377 commuted value transfers to locked-in R.R.S.P.'s in 1991 (1990 - 279).



Reciprocal Agreements

Reciprocal agreements permitting the transfer of pension credits between the Civil Service Superannuation Board and the following pension plan authorities were in effect on December 31, 1991:

Government of Canada — Treasury Board
The Province of British Columbia — Superannuation Commissioner
The Province of Alberta — Public Service Pension Board
The Province of Alberta — Public Service Management Pension Board
The Province of Alberta — Local Authorities Pension Board
The Province of Saskatchewan — Public Service Superannuation Board (Old Plan)
The Province of Saskatchewan — The Public Employees Superannuation Plan Supervisory Board (Money Purchase Plan)
The Province of Ontario — Minister of Government Services
The Province of New Brunswick — Minister of Finance
The Province of Newfoundland — Minister of Finance
The Province of Nova Scotia — Minister of Finance
The Province of Prince Edward Island — Minister of Finance
Canadian Broadcasting Corporation
Canadian Interagency Forest Fire Centre
Canadian National Railway
Canada Mortgage and Housing Corporation
City of Regina
Crown Investments Corporation of Saskatchewan
The Council of Maritime Premiers
Hy-Line Credit Union
Ontario Hydro
Ontario Municipal Employees Retirement Board
(a) Ontario Municipalities
(b) Ontario Council of Regents for the Colleges of Applied Arts and Technology
Saskatchewan Government Insurance
Saskatchewan Power Corporation Superannuation Board
The Teachers' Superannuation Commission of the Province of Ontario

	Transfers to Manitoba		Transfers from Manitoba	
	Number	Total Transfer $	Number	Total Transfer $
Government of Canada	9	314,756	26	611,416
Provincial Public Service				
Alberta	–	–	10	269,818
British Columbia	–	–	4	274,942
Ontario	2	93,892	1	8,000
Saskatchewan	1	47,740	1	29,518
New Brunswick	1	15,634	–	–
Ontario College of Applied Arts and Technology	–	–	1	32,256
CBC	–	–	1	7,070
CMHC	1	3,140	–	–
Insurance Corp. of B.C.	1	237,758	–	–
OMERS	–	–	3	250,642
Sask. Crown Investments	–	–	1	63,270
1991 Totals	15	$ 712,920	48	$1,546,932
1990 Totals	39	$1,712,942	52	$2,139,346

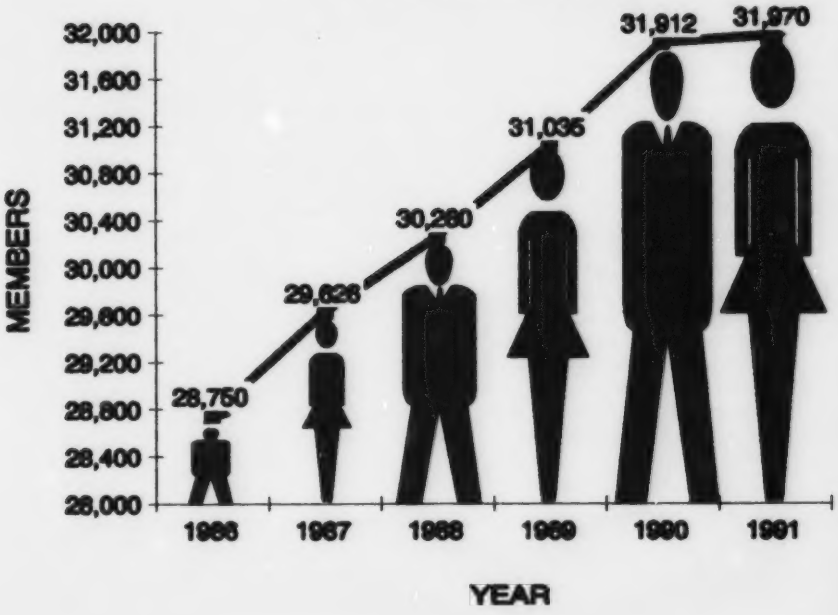
Participants

The number of participants in the pension plan increased by 58. The distribution of participants by employer as at December 31, 1991 was as follows:

	Males	Females	Total
Alcoholism Foundation of Manitoba	78	100	178
Civil Service Superannuation Board	16	19	35
Communities Economic Development Fund	6	5	11
Crown Corporations Council	4	3	7
Housing Authorities	155	104	259
Human Resources Opportunity Centres	32	41	73
Legal Aid Services Society of Manitoba	26	63	89
Liquor Control Commission	328	175	503
Local Government Districts	1	–	1
Manitoba Agricultural Credit Corp.	32	20	52
Manitoba Arts Council	2	9	11
Manitoba Centennial Centre Corp.	50	29	79
Manitoba Civil Service	8,648	7,758	16,406
Manitoba Crop Insurance Corp.	191	84	275
Manitoba Development Corp.	1	1	2
Manitoba Government Employees' Assoc.	24	21	45
Manitoba Hazardous Waste Management Corp.	3	2	5
Manitoba Health Services Commission	198	523	721
Manitoba Horse Racing Commission	4	2	6
Manitoba Hydro-Electric Board	3,560	858	4,418
Manitoba Lotteries Foundation	70	42	112
Manitoba Milk Producers' Marketing Board	7	12	19
Manitoba Pork Est.	12	11	23
Manitoba Public Insurance Corp.	652	568	1,220
Manitoba Research Council	47	25	72
Manitoba Telephone System	2,727	2,712	5,439
Manitoba Turkey Producers' Marketing Board	1	5	6
Manitoba Water Services Board	9	–	9
Teachers' Retirement Allowances Fund Board	10	15	25
Universities Grants Commission	3	2	5
Deferred Pension Accounts	730	771	1,501
L.T.D. Pensioners	60	19	79
Manitoba Reciprocal Agreements	158	92	250
Pending Reciprocal Agreements	22	12	34
Total	17,867	14,103	31,970

Six-Year Comparison

PARTICIPANTS



Marriage Break-up

Under the Pension Benefits Act and consistent with the Civil Service Superannuation Act, where a member has experienced a separation in a marriage or recognized common-law relationship, the Board may be required to transfer an amount equal to half of the value of the pension earned during the applicable period to a locked-in account for the (ex) spouse. One-half of the amount transferred to the (ex) spouse is recovered from all non-matching employers. The following table compares activity during 1990 and 1991.

Annual Marriage Break-up Statistics	1991	1990
Transfers completed	210	108
In process at year end	358	290
Total $ transferred out	$2,604,146	$1,242,532

Communication and Member Services

During 1991, the Civil Service Superannuation Board conducted 34 Information Seminars on Superannuation and Group Insurance benefits on the subjects of eligibility, entitlement to benefits, family protection, disability, death, etc., for employees of the government and its related boards, commissions, and agencies throughout Manitoba.

In addition, the Board conducted 35 one-day Pre-Retirement Planning Seminars which were attended by approximately 842 participants (employees and spouses) in major centres throughout the Province. Topics emphasized in the seminar content are benefit awareness and options concerning superannuation and group insurance for retirement. Topics also covered during the seminar are: CPP; OASP; Blue Cross; estate planning; as well as subjects related to retirement lifestyle planning such as the effective use of leisure hours, health, etc. A pre-retirement information package including a Retirement Planning Guide prepared by the Board staff is distributed to seminar participants and as part of the presentation, audio-visual aids are used along with a comprehensive film on the subject of retirement planning which reinforces the subjects covered in the seminar.

The Board also conducted 30 different day long one on one counselling sessions throughout the Province in 1991 which involved providing personalized benefit information. A portable on-line computer enables counsellors to provide members in rural areas with the same on-site services offered to those members who visit our office. During 1991, the Board initiated a process whereby all hard copy files will be converted and held on a computerized electronic image record system. This enhancement will not only improve security and accessibility of records, but will also significantly improve response time in answering inquiries from members.

The staff of the Board will conduct Pre-Retirement Planning Seminars and/or informational sessions on benefits for interested groups of participants throughout the Province.

In addition to providing seminars, the Board has benefit counsellors available to meet in a private, confidential setting with participants and/or their families to discuss and explain benefits.

Employees were provided with their annual benefit statement with information on employee status, as well as current and projected benefit entitlement. Pensioners as well as employees also received a copy of the 52nd Annual Report of the Civil Service Superannuation Board. Because of the changes to the Income Tax Act affecting Registered Retirement Savings Plan contribution rates, the Board also distributed a brochure to the membership providing detailed information on the changes.

Federal Government Pension Reform

On January 15, 1992, the Federal Government approved new regulations under the Income Tax Act which will require changes to the Civil Service Superannuation Act (Act) in order to comply with their legislation effective January 1, 1992 as follows:

1) 3% Early Retirement Reduction:

   The current 3/4% early retirement reduction for each year that a member retires before age 60 must be increased to 3% for pension benefits earned for service commencing January 1, 1992. This reduction is 15% at age 55 compared to the current 3-3/4%.

2) Maximum Pension:

   a) The maximum lifetime pension benefit that a member can accrue for any one year of service commencing January 1, 1992 is $1,722.22 (indexed after 1994). This will translate into maximum pensionable earnings of $95,771 in 1992. The maximum pension that can be paid at retirement is $60,277.70 per year.

   b) The maximum lifetime pension that a member can accrue by purchasing prior service for years of pre-1990 service is $1,150 per year.

3) Pension Options at Retirement Date:

   a) The Beneficiary of a lifetime survivor option must be either a spouse, former spouse, or a dependent of the member at the time of the member's death.

   b) The Lifetime survivor option cannot exceed two-thirds of the amount payable to the retired member.

   c) The maximum pension guarantee period permitted is 15 years from the date of retirement if a lifetime pension is being provided. The maximum guarantee period permitted is 5 years if a joint and last survivor pension is chosen.

4) Pre-Retirement Survivor Benefits:

   Items 3(a) and 3(b) also apply to survivor benefits paid to an eligible survivor of a member who dies prior to the commencement of the pension.

5) Accrual of Pension Benefits After Pension Commencement:

   The accrual of benefits based on service with a participating employer after the member has started to receive retirement payments will not be permitted. This means that an individual cannot be both a contributor and a recipient of pension benefits during the same period.

6) Maximum 70% Pension:

   Members currently reach the maximum 70% pension permitted by the Act after approximately 40 years of pensionable service. Member contributions must now cease when the member reaches the 70% pensionable service requirement as benefits do not accrue on service after that point.

7) Reduction of Benefits:

Regulations now require that a defined benefit plan provide that benefits can be reduced, or contributions can be refunded if designated maximums are exceeded.

The Employee Liaison Committee and the Employer Pension Advisory Committee are finalizing their recommendations concerning required amendments to the Act.

Investments

The Fund's total assets were approximately $1,159 million as at December 31, 1991, an increase of 10.1% over 1990. Investment income increased $6.1 million over the prior year or 6.5%. The Fund's yield on book value of investments declined from 10.1% in 1990 to 9.6% in 1991 because of the general decline in interest rates and an increased exposure to equity investments.

During 1991, the Fund:

a) increased investments in bonds and debentures by $66.0 million.

b) increased investments in common stock by $16.9 million.

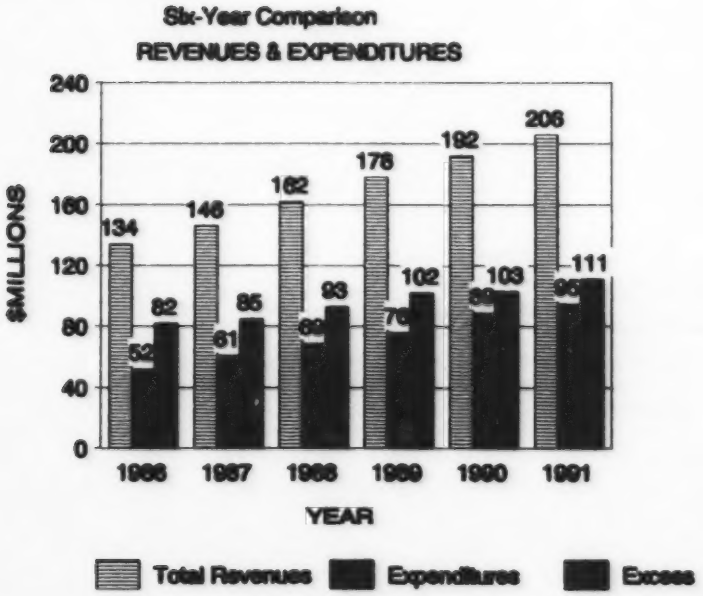
c) increased investments in real estate by $26.0 million.

d) decreased short term investments by $7.4 million.

The following comparative table illustrates the Fund's investment holdings:

	1991 (000's)	1990 (000's)	Increase (Decrease) (000's)
Bonds & Debentures			
Federal & Provincial	$ 190,247	$ 85,240	$105,007
City & Municipal	6,280	6,988	(708)
Corporate	257,488	323,109	(65,621)
Foreign	20,029	5,242	14,787
Fixed Income Component Balanced Funds	71,916	59,401	12,515
Sub-total	545,960	479,980	65,980
Mortgages			
NHA Mortgages	46,063	54,442	(8,379)
Other Mortgages	83,868	94,272	(10,404)
Pooled Mortgage Funds	26,009	23,457	2,552
Indexed-Linked Mortgages	37,045	21,898	15,147
Sub-total	192,985	194,069	(1,084)
Equity Investments			
Common Stock	17,852	9,481	8,371
Equity Component Balanced Funds	154,658	146,130	8,528
Petroleum and Natural Gas Investments	25,364	24,688	676
Venture Capital Limited Partnerships	7,494	7,471	23
Real Estate	82,689	56,739	25,950
Sub-total	288,057	244,509	43,548
Short-term Investments	85,077	92,519	(7,442)
Total	**$1,112,079**	**$1,011,077**	**$101,002**

Six-Year Comparison
FUND ASSETS
$MILLIONS
1200
900
600
300
0
$666
$753
$844
$946
$1053
$1159
1986
1987
1988
1989
1990
1991
YEAR


Six-Year Comparison
REVENUES & EXPENDITURES
$MILLIONS
240
200
160
120
80
40
0
134
52
82
146
61
85
162
69
93
178
76
102
192
89
103
206
95
111
1986
1987
1988
1989
1990
1991
YEAR
Total Revenues
Expenditures
Excess

Changes in Status – Participants

For the year ended December 31, 1991

Males

Age Group	Entered	Withdrew	Died	Retired	Participants at Dec. 31, 1991
-19	11	–	–	–	15
20-24	183	45	2	–	600
25-29	206	123	2	–	1,935
30-34	146	116	1	–	2,428
35-39	103	98	3	1	3,112
40-44	74	99	6	5	3,171
45-49	41	66	6	2	2,570
50-54	25	42	9	9	2,088
55-59	20	16	7	273	1,225
60-	13	20	5	293	723
	822	625	41	583	17,867

Females

Age Group	Entered	Withdrew	Died	Retired	Participants at Dec. 31, 1991
-19	10	1	1	–	19
20-24	205	61	1	–	589
25-29	250	144	1	–	1,967
30-34	198	178	1	1	2,693
35-39	199	125	–	2	2,850
40-44	128	118	3	3	2,375
45-49	87	66	4	3	1,587
50-54	37	40	2	3	1,096
55-59	14	17	–	99	593
60-	11	14	–	116	334
	1,139	764	13	227	14,103
Totals	1,961	1,389*	54	810	31,970

*Note: Includes 350 terminated employees who chose a deferred pension as well as a refund or transfer of funds and 48 transfers out under reciprocal agreement.

Changes in Status – Pensioners

For the year ended December 31, 1991

Males

Ages	Pensioners at Dec. 31, 1990	New Retirements	Deaths	Pensioners at Dec. 31, 1991
-59	567	290	13	709
60-64	977	195	17	1,068
65-69	1,262	94	29	1,295
70-74	966	4	38	1,027
75-79	530	–	40	567
80-84	238	–	25	257
85-89	92	–	10	109
90-	23	–	9	25
	4,655	583	181	5,057

Females

Ages	Pensioners at Dec. 31, 1990	New Retirements	Deaths	Pensioners at Dec. 31, 1991
-59	208	111	4	260
60-64	354	73	3	400
65-69	514	39	9	539
70-74	410	4	8	421
75-79	296	–	9	316
80-84	142	–	6	160
85-89	69	–	8	73
90-	27	–	3	28
	2,020	227	50	2,197
Totals	6,675	810	231	7,254

6 Year Comparative Statistics

	1991	1990	1989	1988	1987	1986
			(thousands of dollars)			
Book Value of Investments	$1,135,189	$1,033,513	$ 926,731	$ 828,124	$ 737,580	$ 650,687
Investment Income	$ 99,905	$ 93,799	$ 90,147	$ 78,896	$ 71,600	$ 67,246
Yield on Investments	9.6%	10.1%	10.8%	10.5%	10.7%	11.6%
Employee Contributions	$ 54,201	$ 54,735	$ 52,327	$ 51,545	$ 46,246	$ 43,001
Employer Contributions	45,870	40,582	35,117	31,421	27,908	23,731
Total Contributions	$ 100,071	$ 95,317	$ 87,444	$ 82,966	$ 74,154	$ 66,732
Pensions Paid	$ 84,123	$ 75,860	$ 69,055	$ 62,322	$ 54,637	$ 47,107
Refunds & Commuted Value Transfers	$ 9,823	$ 7,560	$ 5,673	$ 5,683	$ 5,105	$ 4,356
General Expenses — Gross	$ 1,960	$ 1,910	$ 1,471	$ 1,427	$ 1,221	$ 968
Less Recoveries	(1,171)	(717)	(275)	(282)	(241)	(244)
General Expenses — Net	$ 789	$ 1,193	$ 1,196	$ 1,145	$ 980	$ 724
Participants In Fund	31,970	31,912	31,035	30,260	29,626	28,750
Pensioners & Other Recipients	8,566	7,871	7,475	7,023	6,541	6,050
Terminated Members	1,359	1,234	1,290	1,375	1,272	1,028
Retirements	810	520	577	588	593	518

Civil Service Superannuation Fund

Management Report

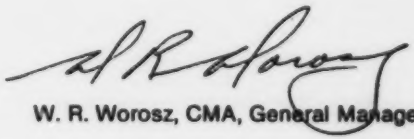
The accompanying financial statements are the responsibility of management and have been prepared in accordance with the accounting policies stated in the financial statements. These accounting policies have been applied on a basis consistent with the prior year. In management's opinion, the financial statements have been properly prepared within reasonable limits of materiality, incorporating management's best judgement regarding all necessary estimates and all other data available up to March 13, 1992. The financial information presented elsewhere in the Annual Report, is consistent with that in the financial statements.

Management maintains internal controls to provide reasonable assurance of the reliability and accuracy of the financial information and that the assets of the Fund are properly safeguarded. Staff of the Provincial Auditor's office review internal controls on an ongoing basis and report their findings to management and the Board who sit as an Audit Committee in whole.

The responsibility of the Provincial Auditor and his staff is to express an independent, professional opinion on whether the financial statements are fairly presented in accordance with the accounting policies stated in the financial statements. The Auditor's Report outlines the scope of the audit examination and provides the audit opinion.

The Board meets as an Audit Committee with management, the Provincial Auditor and his staff to satisfy itself that each group has properly discharged its respective responsibility and to review the financial statements before approving them. The Board has reviewed and approved these financial statements and the Annual Report in advance of its release and has approved its content and authorized its release.

On behalf of Management



W. R. Worosz, CMA, General Manager

Office of
the Provincial Auditor

905 - 386 Broadway
Winnipeg, Manitoba, CANADA
R3C 3R6

Auditor's Report

To the Legislative Assembly of Manitoba

We have audited the statement of net assets available for benefits of The Civil Service Superannuation Fund as at December 31, 1991 and the statement of change in net assets available for benefits for the year then ended. These financial statements are the responsibility of the Fund's management. Our responsibility is to express an opinion on the financial information based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 1991 and the results of its operations for the year then ended in accordance with the accounting policies stated in note 2.

F. H. Jackson, CA
Provincial Auditor

Winnipeg, Manitoba
March 13, 1992

Exhibit A
The Civil Service Superannuation Fund

Statement of Net Assets Available for Benefits

as at December 31, 1991

	1991	1990
	(Thousands of Dollars)	
ASSETS		
Investments, Schedule 1, Note 4	$1,135,189	$1,033,513
Unamortized foreign exchange	1,250	1,381
Fixed assets	515	405
Receivables:		
Contributions receivable	501	367
Accrued income receivable	15,223	15,162
Transfer from Manitoba Hydro Retirement Plan, Note 8	4,264	–
Debt due from the Province of Manitoba, Note 6	1,826	1,826
Cash	423	374
Total Assets	1,159,191	1,053,028
LIABILITIES		
Accounts payable	329	297
Transfer for Manitoba Data Services' employees	–	4,409
Money purchase accounts plan, Note 7	2,697	1,937
Provision for Fund's employees' pension benefits	1,313	1,157
Total Liabilities	4,339	7,800
Net Assets Available For Benefits, Exhibit B	$1,154,852	$1,045,228

Exhibit B
The Civil Service Superannuation Fund

Statement of Change in Net Assets Available for Benefits

for the year ended December 31, 1991

	1991			1990
	Basic Benefits	Indexing Benefits Note 1	Total	Total
	(Thousands of Dollars)			
Increase in assets:				
Contributions, Schedule 2				
Employees'	$ 48,721	$ 5,480	$ 54,201	$ 54,735
Employers'	45,780	90	45,870	40,582
Total contributions	94,501	5,570	100,071	95,317
Investment income, net, Schedule 3	90,528	9,377	99,905	93,799
Transfer from Manitoba Hydro Retirement Plan, Note 8	4,264	–	4,264	–
Other	119	–	119	375
Total increase in assets	189,412	14,947	204,359	189,491
Decrease in assets:				
Pensions paid	76,189	7,934	84,123	75,860
Refunds and transfers	9,823	–	9,823	7,560
Transfer for Manitoba Data Services' employees	–	–	–	4,409
Administrative expenses, net, Schedule 4	789	–	789	1,193
Total decrease in assets	86,801	7,934	94,735	89,022
Increase in net assets:	102,611	7,013	109,624	100,469
Net assets available for benefits at beginning of year as previously reported	946,095	97,505	1,043,600	942,729
Adjustments for investment accrued income, Note 9	1,628	–	1,628	2,030
Restated balance beginning of year	947,723	97,505	1,045,228	944,759
Net assets available for benefits at end of year, Exhibit A	$1,050,334	$104,518	$1,154,852	$1,045,228

Notes to the Financial Statements

for the year ended December 31, 1991

1. Nature of the Organization:

   The Civil Service Superannuation Board was established under The Civil Service Superannuation Act in May, 1939 and is responsible for administering the Act.

   The Civil Service Superannuation Fund is the pension plan for employees of the Government of Manitoba and its agencies as listed in Schedule 2. The Act requires that employees contribute 5.1% on pensionable earnings up to the Canada Pension Plan's maximum earnings and 7% on pensionable earnings above the maximum each year. The majority of employers fund their share of pension benefits by paying for half of the monthly pension or when employees' terminate employment. Other employers match employee contributions as outlined in Schedule 2. In accordance with the Act, 89.8% of contributions are used to fund basic benefits and 10.2% of contributions are allocated for indexing benefits.

   Indexing benefits are administered through the Superannuation Indexing Adjustment Account (S.I.A.A.) which funds 50% of cost of living adjustments paid to pensioners and beneficiaries.

   The Board provides administrative and/or investment management services to other organizations and recovers its related costs.

2. Significant Accounting Policies:

   The significant accounting policies are summarized below:

   (a) The Fund follows the accrual basis of accounting.

   (b) The investment valuation and income measurement policies consist of:

      (i) Fixed income investments:

      Premiums and discounts on bonds and debentures are amortized on a straight line basis over the term of the investment.

      For investments acquired for the long term, gains or losses on disposition are amortized on a straight line basis over the remaining term of the investment. For investments which are traded actively, gains and losses on disposition are amortized on a straight line basis over five years. The unamortized balances remain as part of the book value of total investments.

      (ii) Investment in subsidiary:

      The investment in the wholly-owned subsidiary Superannuation Resource Investment Corporation (S.R.I.C.) of Manitoba Inc. is accounted for on the equity method. The subsidiary is currently inactive. The Fund's investment in S.R.I.C. is $1.00 at December 31, 1991.

(iii) Equity investments:

Equity investments are recorded at the lower of cost or net realizable value.

One-fifth of the difference between the adjusted book value and the established market value of equity investments as at the end of the fiscal year is reflected in income and the offset reflected as an unrealized appraisal adjustment.

One-fifth of any realized gains or losses is reflected in income in the year of disposition. The remaining four-fifths is reflected in the value of the investment assets and amortized to income in equal amounts over the next four years. Realized gains or losses are adjusted by the amount of unrealized appraisal adjustments recorded in the investment income in previous years.

(iv) Provision for investment losses:

Investment income in the amount of 1/10 of 1% of the book value of the investment assets is transferred annually to the provision for investment losses to a maximum of the provision not exceeding 1% of the book value of investment assets.

Impairment in the value of investments, considered to be permanent by the Investment Committee, is charged to the provision for investment losses. Subsequent recoveries increase the provision.

(v) Foreign currency translation:

Bonds and short term investments purchased in foreign currency are converted into Canadian currency at the purchase date. Foreign currency purchases and sales, and revenue and expense transactions are converted on the date of transaction. Other foreign assets are converted at the exchange rate prevailing at year end.

Foreign exchange is amortized on a straight line basis over five years.

(c) Fixed assets:

Furniture purchases are charged to operations in the year of acquisition.

Computer and telephone equipment and computer program development costs are capitalized and amortized on a straight line basis over six years.

(d) Provision for Fund's employees' pension benefits:

The Fund accrues a liability for Fund's employees' pension benefits including future cost-of-living adjustments based on an actuarial report. The report provided a method of allocating funds to the provision each year between triennial valuations to recognize the annual increase in this liability.

3. Actuarial Valuations:

The financial statements do not take into account actuarial valuations and, therefore, do not reflect the financial position of the Fund on an actuarial

basis. In accordance with the Act, an actuarial valuation and report is required every three years. The most recent actuarial report on the Fund, as at December 31, 1989, disclosed a surplus of $50,392,215 in net assets over actuarial liabilities.

The actuarial valuation of the S.I.A.A. as at December 31, 1990 indicated that $17,962,706 (1989 – $14,084,228) was available to fund additional cost-of-living increases for pensioners. Effective July 1, 1991, the Board approved and paid the current year portion of the actuarially calculated superannuation adjustment. The total actuarially calculated adjustment is $9,611,200 (1990 – $7,572,600).

4. Investments:

	1991		1990	
	(Thousands of Dollars)			
	Book Value	Market	Book Value	Market
Total fixed income investments	$ 824,044	$ 878,546	$ 770,968	$ 766,540
Equity Investments	314,342	336,126	264,530	264,582
Provision for investment losses	(3,197)	–	(1,985)	–
Total Investments, Schedule 1	$1,135,189	$1,214,672	$1,033,513	$1,031,122

The portion of investments which is actively traded represents 5% of the total investment portfolio.

5. Investment Restrictions and Contingencies:

Petroleum and natural gas, and limited partnership investments have restrictions on their disposition.

Income from real estate participating bonds represents the Fund's proportionate share of net cash flow for that property. If the property was unable to pay for its costs of its operations, the Fund is liable to make additional payments, without limitation in amount, equal to its share of such a short fall.

6. Debt Due from the Province of Manitoba:

The Government assumed an accrued liability of $1,826,300 on account of its employees and pensioners as at May 1, 1939 and pays interest of 4% semi-annually to the Fund in respect of this liability.

7. Money Purchase Accounts Plan:

Effective January 2, 1985 a separate Money Purchase Accounts Plan was established. The Plan is administered separately by the Board, which recovers administrative costs from the Plan.

	1991	1990
	(Thousands of Dollars)	
Deposits and interest income	$1,093	$1,042
Deductions:		
Refund of deposits	317	267
Transfer to Civil Service Superannuation Fund re annuity, Schedule 2	–	35
Administration fees charged by Civil Service Superannuation Fund, Schedule 4	16	8
	333	310
Increase for the year	760	732
Balance at beginning of year	1,937	1,205
Balance at end of year, Exhibit A	$2,697	$1,937

8. Transfer from Manitoba Hydro Retirement Plan:

Under an agreement dated December 16, 1991 the Manitoba Hydro-Electric Board agreed to transfer an amount equal to 50% of the actuarial liability (employee portion) in respect of pensioners who are receiving pension benefits earned under the Manitoba Hydro Retirement Plan. In consideration of this transfer the Board is responsible for the 50% employee pension liability, and the Manitoba Hydro-Electric Board maintains responsibility for the 50% employer pension liability. Funds were transferred on February 3, 1992.

9. Adjustments for Investment Income:

The adjustments represent accrued income for balanced funds that were not previously accrued. The effect is to increase the accrued income receivable by $1,366,000 (1990 – $1,628,000). The net effect on investment income was a decrease of $262,000 (1990 – $402,000). The financial statements for the prior period have been restated.

10. Comparative Figures:

Comparative figures for the year ended December 31, 1990 have been restated to conform with the presentation adopted for the current year.

Schedule 1
The Civil Service Superannuation Fund

Summary of Investments

as at December 31, 1991

	1991		1990
	Par Value	Book Value	Book Value
	(Thousands of Dollars)		
Fixed income investments			
Short term investments	$ 85,702	$ 85,077	$ 92,519
Bonds and debentures			
Government of Canada	100,500	103,758	37,052
Province of Manitoba	18,500	19,270	13,486
Province of Alberta	1,500	1,498	–
Province of British Columbia	11,000	11,225	–
Province of New Brunswick	6,500	7,289	7,352
Province of Ontario	20,125	19,530	21,450
Province of Quebec	19,000	19,993	–
Province of Saskatchewan	3,500	3,584	1,500
Government of Northwest Territories	4,100	4,100	4,400
Hospitals and Municipal Corporations	6,304	6,280	6,988
Corporations	274,206	277,517	328,351
Fixed Income Component Balanced Funds (includes short term)		71,916	59,401
Mortgages			
National Housing Act (Canada)	50,074	46,063	54,442
Index-Linked	37,045	37,045	21,898
Other Mortgages	83,897	83,868	94,272
Pooled mortgage funds		26,009	23,457
Unamortized losses on disposition		22	4,400
Total fixed income investments		824,044	770,968
Equity investments			
Common stock		17,852	9,481
Equity Component Balanced Funds		154,658	146,130
Petroleum and natural gas investments		25,364	24,688
Venture capital, limited partnerships		7,494	7,471
Real estate			
Participating bonds		35,668	29,881
Qualifying shares		25,916	7,071
Units of pooled real estate		20,985	19,702
Pooled common stock		120	85
Accumulated unrealized appraisal adjustments		26,942	21,290
Unamortized losses (gains) on disposition		(657)	(1,269)
Total equity investments		314,342	264,530
		1,138,386	1,035,498
Less: Provision for investment losses		(3,197)	(1,985)
Total investments, Exhibit A		$1,135,189	$1,033,513

Schedule 2
The Civil Service Superannuation Fund

Statement of Contributions

for the year ended December 31, 1991

	1991			1990
	Employers'	Employees'	Total	Total
	(Thousands of Dollars)			
Province of Manitoba Civil Service	$23,059	$28,556	$ 51,615	$48,704
Manitoba Telephone System	10,171	10,104	20,275	19,004
Manitoba Hydro-Electric Board	9,073	8,762	17,835	16,556
Liquor Control Commission	1,322	714	2,036	1,875
Manitoba Health Services Commission	750	1,241	1,991	1,912
Manitoba Public Insurance Corporation	346	2,160	2,506	2,566
Alcoholism Foundation of Manitoba	116	328	444	441
Civil Service Superannuation Board	1	60	61	57
Communities Economic Development Fund	23	26	49	52
Crown Corporations Council	48*	25	73	13
Housing Authorities	302*	286	588	625
Human Resources Opportunity Centres	115*	116	231	245
Local Government Districts	3*	3	6	6
Manitoba Agricultural Credit Corporation	159	110	269	187
Manitoba Arts Council	18*	18	36	39
Manitoba Beef Commission	(1)*	1	–	21
Manitoba Centennial Centre Corporation	97	96	193	181
Manitoba Crop Insurance Corporation	113	214	327	333
Manitoba Data Services	3	–	3	335
Manitoba Development Corporation	33	11	44	40
Manitoba Energy Authority	3	13	16	29
Manitoba Government Employees' Association	116*	116	232	209
Manitoba Hazardous Waste Management Corp.	– *	1	1	–
Manitoba Horse Racing Commission	7	10	17	17
Manitoba Lotteries Foundation	33	209	242	181
Manitoba Milk Producers' Marketing Board	34*	34	68	86
Manitoba Pork Est.	38*	38	76	80
Manitoba Research Council	147*	152	299	359
Manitoba Turkey Producers' Marketing Board	10*	10	20	20
Manitoba Water Services Board	10*	11	21	24
Teachers' Retirement Allowances Fund Board	27	46	73	64
The Legal Aid Services Society of Manitoba	20	203	223	199
Universities Grants Commission	10	13	23	21
Workers Compensation Board	38	–	38	37
Employees on loan	32	33	65	73
Employees on Workers Compensation	–	1	1	8
Long Term Disability	8	13	21	19
Reciprocal agreement-transfers in	356	357	713	1,713
Reciprocal agreement-transfers out	(773)	(774)	(1,547)	(2,139)
Repayment of contributions previously refunded	–	114	114	155
Contributions based on prior non-pensionable employment	3	769	772	934
Contributions based on war service	–	1	1	1
Transfer from money purchase accounts plan, Note 7	–	–	–	35
Total contributions, Exhibit B	$45,870	$54,201	$100,071	$95,317

*Employers' contributions based on employees' remuneration.

Schedule 3
The Civil Service Superannuation Fund

Statement of Investment Income

for the year ended December 31, 1991

	1991	1990
	(Thousands of Dollars)	
Fixed income:		
Interest	$ 85,157	$ 84,898
Amortization of realized (losses)	(481)	(913)
	84,676	83,985
Equity income:		
Real estate dividends and interest	4,693	4,438
Other dividends and interest	6,897	6,500
Unrealized appraisal adjustments	5,653	496
Amortization of realized gains	612	614
	17,855	12,048
Gross investment income	102,531	96,033
Less:		
Investment related expenses:		
Administrative expenses, Schedule 4	189	153
External expenses	1,175	936
	1,364	1,089
Transfer to provision for investment losses	1,138	1,036
Transfer to provision for Fund's share of employees' pension benefits	124	109
	2,626	2,234
Total net investment income, Exhibit B	$ 99,905	$ 93,799

Schedule 4
The Civil Service Superannuation Fund

Statement of Administrative Expenses

for the year ended December 31, 1991

	1991	1990
	(Thousands of Dollars)	
Salaries and fringe benefits	$ 1,293	$ 1,260
Bank charges	23	25
Board meetings	8	8
Computer related costs	144	141
Education	21	10
Employee Liaison Committee expenses	28	13
Furniture, fixtures, rental, servicing	16	17
Financial services	15	7
Medical examinations	19	15
Miscellaneous	26	30
Printing and stationery	85	75
Professional fees	76	160
Rent	92	44
Seminars and travelling	23	20
Telephone, postage and delivery	91	85
Total administrative expenses	1,960	1,910
Administrative expenses recovered:		
Administrative expenses allocated to investment services	189	153
Long Term Disability Plans	28	10
Manitoba Hydro Retirement Plan	1	1
Money Purchase Accounts Plan, Note 7	16	8
Municipal Employees Benefits Board	71	47
Public Service Group Insurance Fund	93	93
Non matching employer recovery	773	405
Total allocation and recoveries	1,171	717
Net administrative expenses, Exhibit B	$ 789	$ 1,193